

FINANCIAL SUPPLEMENT

GAAP SEMI-ANNUAL REPORT (SELECT HIGHLIGHTS)

Pacific Mutual Holding Company

June 30, 2023



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INSURANCE RATINGS AND FINANCIALS

Insurance Financial Strength and Credit Ratings

The following table identifies the financial strength and credit ratings for Pacific LifeCorp, Pacific Life Insurance Company, its subsidiaries and affiliates, and Pacific Life Global Funding II and Pacific Life Short Term Funding LLC which are unaffiliated entities that issue medium- and short-term notes backed by funding agreements issued by Pacific Life Insurance Company. Ratings as of September 5, 2023.

What the ratings mean

| Entities | A.M. Best | Fitch | Moody's | S&P Global |
|--------------------------------------------|-----------|--------|---------|------------|
| Pacific Life Insurance Company | | | | |
| Financial Strength Rating | A+ | AA- | Aa3 | AA- |
| Outlook | Stable | Stable | Stable | Stable |
| Subordinated | a+ | A | A2 | A |
| Commercial Paper | AMB-1+ | F1+ | P-1 | A-1+ |
| Pacific Life & Annuity Company | | | | |
| Financial Strength Rating | A+ | AA- | Aa3 | AA- |
| Outlook | Stable | Stable | Stable | Stable |
| Pacific LifeCorp | | | | |
| Senior Unsecured | a | A- | A3 | A- |
| Pacific Life Re International Ltd | | | | |
| Pacific Life Re (Australia) Pty Ltd | | | | |
| Financial Strength Ratings | NR | NR | NR | AA- |
| Outlook | -- | -- | -- | Stable |
| Pacific Life Global Funding II | | | | |
| Senior Secured | NR | AA- | Aa3 | AA- |
| Pacific Life Short Term Funding LLC | | | | |
| Commercial Paper | NR | F1+ | P-1 | A-1+ |

NR = Not Rated

Financial Summary¹

Pacific Mutual Holding Company and Subsidiaries

Unaudited (\$ in millions, except percentages)

| (\$ Millions) | Six Months Ended | |
|----------------------------------------------------|------------------|-----------|
| | 6/30/2023 | 6/30/2022 |
| Consolidated Statements of Operations Items | | |
| Adjusted Operating Revenues ² | 6,813 | 6,920 |
| Adjusted Operating Income ³ | 702 | 622 |

| (\$ Millions) | 6/30/2023 | 12/31/2022 |
|-------------------------------------------------------------|-----------|------------|
| Consolidated Statements of Financial Condition Items | | |
| Company Assets | 207,363 | 199,324 |
| Policyholder & Other Liabilities | 199,824 | 192,596 |
| Equity ⁴ | 14,475 | 14,124 |

¹ Based on accounting principles generally accepted in the United States of America (GAAP).

² Adjusted operating revenues excludes net investment gain (loss) other than stable value product income, gain (loss) on real estate equity investments and certain derivative costs. It also excludes other than temporary impairments (OTTI) and non-recurring items that are not relevant to our ongoing operations. Revenues attributable to noncontrolling interests are excluded.

³ Adjusted operating income is utilized by management to measure the profitability generated by the operations of the Company. It excludes net investment gain (loss) other than stable value product income, gain (loss) on real estate equity investments, and certain derivative costs. It also excludes OTTI, deferred policy acquisition cost amortization due to movements in economic factors, certain other adjustments related to net investment gain (loss), other movements in economic factors and non-recurring items that are not relevant to our ongoing operations. Net income (loss) attributable to noncontrolling interests is excluded. The tax impact of the adjustments are calculated net of the U.S. or foreign statutory tax rate, which could differ from the Company's effective tax rate.

⁴ Excludes accumulated other comprehensive income (loss) and noncontrolling interests.

CONSOLIDATED STATEMENTS

Consolidated Statements of Financial Condition

Pacific Mutual Holding Company and Subsidiaries

Unaudited (\$ in millions, except percentages)

| (\$ Millions) | 6/30/2023 | 12/31/2022 |
|------------------------------------------------------------------------------------------------------|------------------|------------------|
| ASSETS | | |
| Investments: | | |
| Fixed maturity securities available for sale, at fair value | \$82,163 | \$77,806 |
| Fair value option securities (includes VIE assets of \$143 and \$1,782) | 143 | 1,782 |
| Mortgage loans (includes VIE assets of \$1,531 and \$1,607 and allowance for credit losses of \$210) | 22,010 | 22,476 |
| Policy loans | 7,783 | 7,608 |
| Other investments (includes VIE assets of \$2,885 and \$2,689) | 11,151 | 10,377 |
| TOTAL INVESTMENTS | 123,250 | 120,049 |
| Cash, cash equivalents, and restricted cash (includes VIE assets of \$40 and \$83) | 6,621 | 5,716 |
| Deferred policy acquisition costs | 8,165 | 8,038 |
| Other assets (includes VIE assets of \$9 and \$18) | 8,409 | 8,028 |
| Separate accounts assets | 60,918 | 57,493 |
| TOTAL ASSETS | \$207,363 | \$199,324 |
| LIABILITY AND EQUITY | | |
| Liabilities: | | |
| Policyholder account balances | 89,101 | 85,340 |
| Future policy benefits | 35,354 | 33,884 |
| Debt (includes VIE debt of \$1,701 and \$1,679) | 7,023 | 6,940 |
| Fair value option debt (represents VIE debt) | 0 | 1,599 |
| Other liabilities (includes VIE liabilities of \$47 and \$53) | 7,428 | 7,340 |
| Separate account liabilities | 60,918 | 57,493 |
| TOTAL LIABILITIES | 199,824 | 192,596 |
| Members' Equity: | | |
| Members' capital | 14,475 | 14,124 |
| Accumulated other comprehensive loss | (7,422) | (7,916) |
| Total Members' Equity | 7,053 | 6,208 |
| Noncontrolling interests | 486 | 520 |
| TOTAL EQUITY | 7,539 | 6,728 |
| TOTAL LIABILITIES AND EQUITY | \$207,363 | \$199,324 |

Consolidated Statements of Operations

Pacific Mutual Holding Company and Subsidiaries

Unaudited (\$ in millions, except percentages)

| (\$ Millions) | Six Months Ended | |
|-----------------------------------------------------------|------------------|--------------|
| | 6/30/2023 | 6/30/2022 |
| REVENUES | | |
| Policy fees and insurance premiums | \$3,646 | \$4,300 |
| Net investment income | 2,758 | 2,378 |
| Net investment gain (loss) | 95 | (136) |
| Investment advisory fees | 108 | 139 |
| Other income | 160 | 142 |
| TOTAL REVENUES | 6,767 | 6,823 |
| BENEFITS AND EXPENSES | | |
| Policy benefits paid or provided | 3,095 | 3,335 |
| Interest credited to policyholder account balances | 1,393 | 1,054 |
| Commission expenses | 547 | 946 |
| Operating and other expenses | 975 | 994 |
| TOTAL BENEFITS AND EXPENSES | 6,010 | 6,329 |
| INCOME BEFORE PROVISION FOR INCOME TAXES | 757 | 494 |
| Provision for income taxes | 150 | 40 |
| Net income | 607 | 454 |
| Less: net income attributable to noncontrolling interests | (25) | (51) |
| NET INCOME ATTRIBUTABLE TO THE COMPANY | \$582 | \$403 |

INVESTMENT PORTFOLIO

Investments Portfolio Highlights

Total investment portfolio

- Investment portfolio consists primarily of investment grade public and private fixed income securities, mortgage loans and policy loans

Fixed income profile

- Net unrealized losses in the fixed income portfolio were \$8.8B as of June 30, 2023 and \$9.6B as of December 31, 2022
- As of June 30, 2023 and December 31, 2022, 95% of our fixed maturity securities were rated as investment-grade. We have not experienced any material changes in the credit quality of our portfolio since December 31, 2021
- Fixed income portfolio performance continues to be strong with minimal write-downs

Investment Portfolio

| (\$ Millions) | 6/30/23 | 12/31/22 |
|--------------------------------------------|------------------|------------------|
| Bonds | 82,163 | 77,806 |
| Mortgage Loans | 22,010 | 22,476 |
| Policy Loans | 7,783 | 7,608 |
| Cash, Cash Equivalent, and Restricted Cash | 6,621 | 5,716 |
| Other ¹ | 11,294 | 12,159 |
| Total GAAP Value | \$129,871 | \$125,765 |

¹ Other includes private equity, real estate, working capital finance notes, derivatives, common stock, fair value option securities, and trading securities

Fixed Income Securities by NAIC Ratings and Industry

Fixed Income Securities by NAIC Rating

| (\$ Millions) | 6/30/23 | 12/31/22 |
|-------------------------|-----------------|-----------------|
| NAIC 1 | 39,297 | 35,606 |
| NAIC 2 | 38,824 | 38,120 |
| NAIC 3 | 3,217 | 3,325 |
| NAIC 4-6 | 825 | 755 |
| Total GAAP Value | \$82,163 | \$77,806 |

Fixed Income Securities by Industry

| (\$ Millions) | 6/30/23 | 12/31/22 |
|-------------------------------------|-----------------|-----------------|
| Consumer Cyclical and Non-Cyclicals | 13,451 | 13,342 |
| Industrials | 12,036 | 11,723 |
| Financials | 10,427 | 9,887 |
| Utilities | 10,227 | 10,038 |
| Governments | 6,189 | 5,756 |
| Telecommunications | 5,944 | 5,663 |
| Energy | 5,091 | 4,975 |
| CMBS/RMBS | 5,120 | 4,439 |
| Real Estate | 3,393 | 3,393 |
| Other | 10,285 | 8,590 |
| Total GAAP Value | \$82,163 | \$77,806 |

Mortgage Loan Portfolio Highlights

Portfolio strategy

- Mortgage loan emphasis is on properties in high “barrier to entry” locations and regions exhibiting strong demographic and economic trends
- Loan underwriting at origination emphasizes high debt coverage ratio and low loan-to-value

Mortgage loan profile

- As of June 30, 2023, total book value of mortgage loans was \$22B. Mortgage loans primarily consist of commercial mortgage loans
- Overall portfolio loan-to-value remains strong at 61%, consistent with prior year
- 4.1% of the mortgage portfolio loans are engaged in deferral of scheduled principal amortization
- The overall change in allowance for credit losses was \$27M with write-offs of \$78M (excludes \$40M and \$69M from CMBS consolidated loans)

Property Type

| (\$ Millions) | 6/30/23 | 12/31/22 |
|-------------------------|-----------------|-----------------|
| Apartment | 7,520 | 7,665 |
| Retail | 5,113 | 5,272 |
| Office | 4,425 | 4,840 |
| Lodging | 1,362 | 1,411 |
| Industrial | 1,192 | 1,110 |
| Residential | 1,151 | 921 |
| Agriculture | 982 | 995 |
| Other | 265 | 262 |
| Total GAAP Value | \$22,010 | \$22,476 |

Mortgage Loan Portfolio by Rating and Geographic Region

By Rating

| (\$ Millions) | 6/30/23 | 12/31/22 |
|------------------------------|-----------------|-----------------|
| CM 1 | 6,893 | 7,259 |
| CM 2 | 10,131 | 10,421 |
| CM 3 | 2,000 | 2,195 |
| CM 4-6 | 304 | N/A |
| Not Rated | 1,531 | 1,607 |
| Residential | 1,151 | 921 |
| Total GAAP Book Value | \$22,010 | \$22,476 |

Geographic Region¹

| (\$ Millions) | 6/30/23 | 12/31/22 |
|------------------------------|-----------------|-----------------|
| Atlantic | 6,715 | 7,114 |
| Pacific | 6,196 | 6,271 |
| South Central | 3,083 | 3,074 |
| North Central | 2,562 | 2,612 |
| Mountain | 1,976 | 1,899 |
| New England | 1,308 | 1,302 |
| Canada | 170 | 204 |
| Total GAAP Book Value | \$22,010 | \$22,476 |

¹ Regions consistent with the American Council of Life Insurers (ACLI) geographic regions